

## Request for Board Action Details

**File #:** 2020-452

**Type:** Administrative Item      **Status:** Passed

**In control:** Board of Commissioners

**On agenda:** 10/20/2020      **Final action:** 10/20/2020

**Title:** Lease Agreement with HealthEast Care System for the Bethesda Hospital, 559 North Capitol Boulevard, Saint Paul, Minnesota 55103.

**Sponsors:** Property Management

**Indexes:**

**Code sections:**

**Attachments:** 1. Lease Agreement, 2. Security Services Agreement, 3. Resolution

Date	Ver.	Action By	Action	Result
10/20/2020	1	Board of Commissioners	approved	Pass
10/13/2020	1	Board of Commissioners	continued	Pass

**Sponsor:** Property Management

### Title

Lease Agreement with HealthEast Care System for the Bethesda Hospital, 559 North Capitol Boulevard, Saint Paul, Minnesota 55103.

### Recommendation

1. Approve an 18-month Lease Agreement with HealthEast Care System, 45 West 10<sup>th</sup> Street, Saint Paul, Minnesota 55102 for approximately 109,969 feet of space at the Bethesda Hospital, 559 North Capitol Boulevard, Saint Paul, Minnesota 55103 for the period of December 1, 2020 to May 31, 2022 in the amount of \$1,154,962.
2. Authorize the Chair and Chief Clerk to execute the lease agreement.
3. Authorize the Chair and Chief Clerk to execute the security services agreement (included as Exhibit C in the lease agreement).
4. Authorize the County Manager to execute amendments that do not have a financial impact.

### Background

Ramsey County, working in close collaboration with the City of Saint Paul, has been working to expand low-barrier shelter by at least 100 beds to respond to the unprecedented rise in unsheltered homelessness before the onset of winter. A city-county staff workgroup has been meeting on issues related to unsheltered homelessness since 2019, and this group began meeting in late July 2020 with a focus on seeking options for a 100-bed winter expansion. During this process but through an unrelated connection between Fairview Health Services, owner of HealthEast Care System, and Ramsey County leadership, an opportunity for the County to achieve the initial objective materialized and has been the subject of intense planning during the past month.

Fairview Health Services, as a result of a series of system-wide changes, will be vacating the Bethesda Hospital site in November 2020 and the facility is available for partial lease by Ramsey County to address the expansion of available shelter beds. The hospital is licensed at 252 beds with a current patient capacity of 126

beds.

The site is approximately 7 acres primarily surrounded by green space and institutional/office space. The site has ample parking for staff and clients and the area is well served by the METRO Green Line's Rice Street/Capitol Station, Route 3, Route 62, and Route 67. The building and the physical plant are in very good condition. The facility has multiple elevator banks, staircases and wings that can be secured from one another. Patient rooms are large and the facility has enough toilets and showers for shelter use. Laundry and kitchen/dining facilities are available as well.

County staff envision the operation of two shelter programs at Bethesda Hospital that would address immediate and significant community needs. It will also allow us to relocate and consolidate services at one location for higher quality and more efficient service provision that effectively complement other programs and build continuity of operations into our systems response.

One program would have up to 100 new low-barrier shelter beds that would be provided from referral through our homeless outreach teams. The low-barrier model recognizes that many of our unsheltered residents are chemically dependent and would aim to create a safe environment for those who may be intoxicated and provide programmatic support that currently does not exist. Complementing the emergency overnight shelter model at Ramsey County's Safe Space, guests would be able to use an individual room for multiple nights to provide stability with a limited amount of congregate space available. Meeting space and day space for case managers and outreach are available and would be programmed in coordination with partner service providers and expand upon our aligned service delivery model currently being implemented at Higher Ground Saint Paul.

In a separate wing of the large site, we propose transitioning the site to becoming the County's primary respite care site (which is currently provided at Boys Totem Town). The new facility is better suited for isolation with individual rooms and toilets, negative air flow and closer proximity to our homeless service network. We are also exploring financial and programmatic opportunities to partner with Hennepin County and Catholic Charities for health care, testing and service provision on a larger scale that better helps us serve residents that end up on both sides of the river.

Ramsey County has lacked continuity of operations planning since the transition of Mary Hall into overnight shelter and the need to then utilize Boys Totem Town as the County's respite space. This site provides opportunities for the County to develop actionable continuity of operations plans for food preparation and delivery, COVID respite and hotel programs. In all these areas no backups currently exist and the opportunity to ensure resiliency to the existing system, while also expanding the number of available beds, is significant.

Residents using the shelter will have incidental use of the adjacent green space. To enhance the safety and security of the green space for the shelter residents and the surrounding community, security services will be provided by Ramsey County and Fairview Health Services through a security services agreement. The security staff will provide the initial response to non-emergency incidents and work in partnership with on-site service providers and engage partner agencies such as the Saint Paul Police Department for emergency situations.

Fairview Health Services is a flexible partner that is interested in helping to address regional homelessness. We believe this partnership will strengthen our response to the COVID-19 pandemic and unsheltered homelessness.

#### County Goals (Check those advanced by Action)

☒ Well-being

☐ Prosperity

☐ Opportunity

☒ Accountability

#### Racial Equity Impact

The issue of unsheltered homelessness was significant before the outbreak of COVID-19 and has been a growing issue in our community for some time. The pandemic has increased the need due to social distancing requirements and a growing number of homeless. Homelessness has disparate racial impacts. Recent data for Ramsey County indicate African Americans and American Indians are over ten times more likely per capita to be homeless than whites.

In order to ensure safe options exist for as many people as possible, we will continue to build out our bed capacity to ensure those in congregate settings have the space that they need, and we will continue to do all that we can in partnership with others to address the issue of unsheltered homelessness that continues to grow around us. Approval of this lease agreement will help provide shelter to our homeless residents, who are primarily African Americans and American Indians.

### Community Participation Level and Impact

Ramsey County supports the City of Saint Paul, service providers and community partners to serve adults experiencing homelessness who are sheltering out-of-doors, camping or are on the verge of homelessness. Efforts focus on continued operational support of county services and referral networks to encourage homeless adults to connect with existing resources through shelter facilities or programs. We will continue to partner with community and support other agencies to ensure that our unsheltered population needs are met.

The information about this action is available through the County Board documentation that is published on the County's website:

<https://www.ramseycounty.us/your-government/leadership/board-commissioners/board-meetings-information>

☒ Inform      ☐ Consult      ☐ Involve      ☐ Collaborate      ☐ Empower

### Fiscal Impact

The terms of the lease include base rent of \$1.00 per square foot and operating cost of \$6.00 per square foot for the duration of the lease. The annual rent is \$769,788. Funding through the end of 2020 is CARES Act eligible and will allow us to begin operations on or around December 1, 2020. This funding has already been provided in the \$12.2M in CARES funding approved for homelessness response on July 21, 2020. For 2021 and beyond, Finance is working to develop a homelessness project account before the end of the year which lays out spending and a timeline through May 2022 for this lease as well as other costs for this site.

The lease is a small share of the overall funding model compared to the cost for staffing, client services, janitorial, security, food and other costs to operate. As mentioned above, these costs will be addressed in the December Board report to create the project account. In addition, there is a need to seek partnerships with others to assist with funding this initiative. The goal is to evaluate every opportunity for service delivery partnerships that bring new partners into the east metro and ensure that Ramsey County is not attempting to unilaterally own and operate all aspects of this shelter expansion.

### County Manager Comments

County Board approval is required for all real estate transactions.

### Last Previous Action

On July 21, 2020, the Ramsey County Board of Commissioners approved Funding Adjustments for the Ramsey County COVID-19 Homelessness Response (B2020-246).

### Attachments

1. Lease Agreement.
2. Security Services Agreement.